Calendar No. 120

98TH CONGRESS, 1st Session | SENATE | REPORT No. 98-72

LEBANON EMERGENCY ASSISTANCE ACT OF 1983

MAY 5 (legislative day, MAY 2), 1983.—Ordered to be printed

Mr. PERCY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 639]

The Committee on Foreign Relations, to which was referred the bill (S. 639) to authorize supplemental assistance to aid Lebanon in rebuilding its economy and armed forces, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

This bill authorizes a fiscal year 1983 supplemental appropriation of $150 million to assist the reconstruction of Lebanon's economy, $100 million for market rate foreign military sales loan guarantees, and $1 million for military training.

The bill also contains a committee amendment requiring the President to obtain statutory authorization for any substantial expansion in the number or role of United States peacekeeping forces in Lebanon or the creation of a new or extended multinational peacekeeping force in that country.

SUMMARY OF MAJOR PROVISIONS

The Lebanon Emergency Assistance Act of 1983 contains the following provisions:

(1) declaration that the national interests of the United States are served by assisting the promotion of the economic and political stability and the sovereignty of Lebanon.

(2) $150 million in Economic Support Fund assistance for Lebanon. The funding is to be available until expended.

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(3) $100 million in Foreign Military Sales loan guarantees at market rates to enable the purchase of equipment for the Lebanese Army.

(4) $1 million for military training under the International Military Educational Training (IMET) program.

(5) A requirement that the President obtain congressional authorization for an substantial expansion in the size or role of the U.S. peacekeeping forces or the creation of a new or expanded force.

COMMITTEE ACTION

S. 639, to authorize supplemental assistance to aid Lebanon in rebuilding its economy and armed forces for fiscal year 1983, was introduced on March 1, 1983, by Senator Percy as requested by the Department of State in its letter of February 28, 1983.

The bill was discussed during a March 2, 1983, public hearing of the Subcommittee on the Near East and South Asia on the administration's foreign assistance proposals for those regions. The subcommittee received favorable testimony from officials of the executive branch and public witnesses.

On April 19 and 20, 1983, the committee met for the purpose of marking up S. 639. The primary focus of discussion was the issue of the form and timing of congressional authorization for the expansion, extension or continuation of U.S. peacekeeping forces in Lebanon. The committee considered several proposals on April 19 without resolving the matter.

On April 20, agreement was reached on an amendment regarding the issue and the bill, as amended, with an additional section, was approved by voice vote on that day.

The bill was formally reported out on April 28 when a quorum was present.

Committee Comments.—The committee's unanimous support for the bill reflects its belief that bringing peace to Lebanon and helping the Lebanese Government to reassert its authority throughout that nation is an important interest of the United States.

The assistance included in this bill is designed to help the Lebanese achieve our common goals of helping Lebanon regain its economic health and political sovereignty. The economic assistance is designed to help the Central Government in rebuilding and repairing the economic infrastructure of the nation which has been seriously damaged by more than 8 years of war and neglect. This assistance is also meant to be a political demonstration of the American commitment to a strong central government in Lebanon. The committee also expects that other potential donor countries and private investors will view the speedy approval of the bill as a demonstration of confidence that will encourage them to also contribute to Lebanon's reconstruction efforts.

A Lebanese Army capable of maintaining security is a key element in the rebuilding of Lebanon and promotion of stability in the region. The Lebanese Army must be able to control all armed elements within the country and to prevent the infiltration of terrorist organizations. To accomplish these goals, the army needs to be reequipped and retrained. Considerable progress had been made

in this direction but much remains to be done. The $100 million in FMS guaranteed loan provided in this bill is to reequip two additional Lebanese brigades. Prompt enactment of the bill is important to facilitate deliveries of the equipment.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title

This section states that the bill may be cited as the "Lebanon Emergency Assistance Act of 1983."

Section 2—Economic Support Fund

This section authorizes the appropriation of $150 million in Economic Support Fund assistance for fiscal year 1983. The funds are authorized to remain available until expended. The section also states that the national interests of the United States would be served by assisting the economic and political stability of Lebanon and supporting international efforts to strengthen that country's sovereignty and independence.

The economic assistance is intended primarily to help Lebanon rebuild its economic infrastructure which was badly damaged by the 8 years of conflict and neglect. The assistance will also help improve basic services, such as water and telecommunications. Although Lebanon has a great deal of private wealth, the Government itself is financially hard-pressed and is in the process of rebuilding its ability to collect tax and customs revenues.

The following table outlines the administration's plans for allocating the $150 million in ESF over a 2-year period.

AID OBLIGATION PLANS FOR FISCAL YEAR 1983—$150 MILLION SUPPLEMENTAL REQUEST

	Total 1983–84	1983	1984
Lebanon Government management assistance	2.5	1.0	1.5
CRS reconstruction	2.6	2.6	.....
SCF credit cooperatives	6.2	3.7	2.5
YMCA/L building trades training	1.5	.8	.7
Health education	1.0	1.0	.....
Telecommunications rehabilitation	15.0	10.0	5.0
Potable water and environmental sanitation	32.0	22.0	10.0
Small scale enterprise	10.0	10.0	.....
Health facilities and services	10.0	10.0	.....
Capital equipment fund	69.2	38.9	30.3
Total	150.0	100.0	50.0

The largest single component is $69.2 million for a Capital Equipment Fund (CEF) to be used to provide American equipment, material and services. The CEF is described in more detail in the following letter sent to Senator Pell on April 18, 1983 by Mr. Peter McPherson, the Administrator for the Agency for International Development.

AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., April 18, 1983.

Hon. CLAIBORNE PELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PELL: This letter is in response to your request that we provide additional detail for the proposed Capital Equipment Fund included in the congressional presentation materials accompanying the President's supplemental budget request for emergency economic assistance for Lebanon. In particular, you asked us to explain how local currency generated by the Fund would be used.

As a general matter, we believe the Capital Equipment Fund will provide essential equipment, materials, and services for Lebanon's reconstruction and development effort. It will serve not only as a stimulus for U.S. private sector involvement in these efforts, but also will continue to stimulate United States-Lebanese business ties long after much of the rehabilitation process has been completed.

The Fund will make short term (3 years) credit available at near market rates for Lebanese public and private sector entities to purchase capital equipment and services that will be used in the reconstruction of Lebanon. This effort is a precondition to longer term development and is aimed at beginning that process. The procurement of goods and/or services from the Fund, both initially and as relending takes place, will be made only from the United States.

Borrowers from the Fund, either private or revenue producing public entities, will be required to deposit 25 percent of the value of the loan in local currency into a special account at the Central Bank of Lebanon. They will then receive the face value of the loan in U.S. dollars. Repayments of 25 percent per year plus interest on the unpaid balance over a 3-year period will be deposited in the special account.

The local currency loan repayments will be programed by mutual consent of both AID and the Government of Lebanon for projects and activities which support either on-going AID development activities or other mutually acceptable development endeavors.

The specific types of goods, services, and activities to be financed with the local currency loan repayments are currently being reviewed. I can assure you that they will all be development-related items. Given the size of the initial Fund and the continuing repayment pool, coupled with the role of AID in determining the activities and projects qualifying for support, we also expect that U.S. source procurement will continue to be stimulated far beyond the original time frame of the project.

There are several important aspects to the Capital Equipment Fund concept. For the borrower, its advantages are twofold: It will provide a source of readily available credit; and the credit will be made available at slightly below market rates. It will also provide Lebanon with financial resources for reconstruction, and serve as an instrument to promote a long-term United States-Lebanese relationship for goods and services.

Repayments to the Fund will be made in Lebanese pounds which are readily convertible to U.S. dollars. This will permit additional purchases of U.S. goods and services from the Fund, even after the initial capital provided by AID is expended. We believe the Fund will result in continuing opportunities for U.S. businessmen extending beyond the fiscal year 1983–84 program period. This kind of program has the long-term return that makes bilateral assistance not only helpful for Lebanon's reconstruction effort, but also attractive for U.S. business interests.

Please let me know if I can provide you with any additional information on the Capital Equipment Fund or on any other component of the supplemental request.

Sincerely,

M. PETER MCPHERSON, *Administrator.*

Section 2 also reflects the view of the U.S. Government that it is in the national interest of the United States to help Lebanon become economically and politically stable and to strengthen its sovereignty and independence. Lebanon occupies a key geographic area and in a variety of ways has served as an economic and cultural link between the West and portions of the Arab world. The region has been badly affected by the strife and turmoil in Lebanon since 1975.

The reconstruction of Lebanon will not be a quick or inexpensive task. Lebanese officials estimate it will cost $12 billion to $14 billion and take half a dozen years to repair the damage of the past 8 years of conflict.

The United States will provide only a fraction of the necessary funds. The Lebanese hope to raise the rest of the money from their own resources and other countries. U.S. officials have said the funds contained in this bill are expected to be the major portion of the U.S. contribution.

In the interest of expediting final congressional passage of this act, the committee and Senator Boschwitz agreed to include as report language a proposed amendment which was intended to express to the Lebanese that the U.S. support for their reconstruction efforts extends beyond the parameters of this particular legislation. The amendment expressed the sense of Congress that the U.S. should give sympathetic consideration to assisting Lebanon's reconstruction efforts in future years if the need continues and the situation permits.

The proposed amendment, which was supported by other committee members, also urged the administration to encourage other donor countries to assist the Lebanese reconstruction effort without political preconditions. The committee hopes that the demonstration of confidence in Lebanon's future and reconstruction efforts as shown in this emergency assistance bill will encourage other countries to either initiate or increase their own aid to Lebanon.

Section 3—Military sales and related programs

This section authorized foreign military sales loan guarantees of $100 million to help Lebanon purchases American equipment. The equipment would be used primarily to help equip two brigades. The equipment would include approximately 200 armored personnel

carriers, 600 wheeled vehicles, 300 crew-served weapons such as howitzers, machineguns and mortars, communications equipment and equipment for individual soldiers. Defense Department officials estimate the equipment could be delivered by February 1984 if the legislation is enacted in the near future.

In addition, the bill includes an authorization of $1 million for training Lebanese military personnel under the IMET program. The training efforts are a high priority in rebuilding the Lebanese Army.

Section 4—U.S. peacekeeping forces

The committee added a new section to the bill, requiring congressional authorization for U.S. participation in any new, expanded or extended peacekeeping force in Lebanon. The committee's views on this question were expressed earlier in a letter to President Reagan on December 15, 1982, signed by 14 members. In this letter, the committee conveyed its expectation that "former congressional authorization would be sought before undertaking long-term or expanded commitments or extending indefinitely the present level of commitments." The full text of that letter follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., December 15, 1982.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: As members of the Senate Foreign Relations Committee, we have a particular concern for the situation in Lebanon and a particular responsibility under the war powers resolution with respect to the commitment of U.S. Armed Forces abroad. We are convinced that it is in the national interest of the United States to work toward a stable and independent Lebanon as part of a broader peace settlement in the Middle East. We also recognize that the current multinational force in Lebanon has played a constructive role in preventing further violence in and around Beirut and that the U.S. Marine component of that force has performed admirably under difficult circumstances.

In reintroducing U.S. Armed Forces into Lebanon on September 29, you reported under the war powers resolution that there was "no intention or expectation that U.S. Armed Forces will become involved in hostilities." Individual Members of Congress, including members of our committee, have disagreed with your assessment of the risks inherent in the Beirut operation and, therefore, with your interpretation of the war powers resolution in this case. No Member has chosen to contest the issue through congressional action at this time. Under the procedures set out in the war powers resolution, Congress reserves the ability to direct the removal of such forces at any time they are engaged in hostilities if it should determine that the circumstances no longer justify a U.S. military presence.

As the Beirut operation continues, and as discussions proceed regarding its possible extension or expansion, we want to insure that the Congress has an adequate opportunity to consider the full implications of any extended commitment of U.S. forces and to fulfill

its responsibilities in this area. We recognize the difficulties in developing longer term proposals for such a multinational force until the negotiations for the departure of all foreign forces have progressed. However, we would expect Congress to be involved at the earliest possible stage in the development of such proposals and that formal congressional authorization would be sought before undertaking long-term or expanded commitments or extending indefinitely the present level of operations.

In the longer term, it may be appropriate to consider more general legislation to clarify the respective roles of the President and the Congress in undertaking the commitment of U.S. Armed Forces to such operations. We look forward to further discussions with you and the members of your administration in the exercise of our joint responsibilities in this area.

Sincerely,

CHARLES H. PERCY,
Chairman.
RICHARD G. LUGAR.
NANCY L. KASSEBAUM.
PAUL E. TSONGAS.
S. I. HAYAKAWA.
JOHN GLENN.
CHARLES MCC. MATHIAS, Jr.
CLAIBORNE PELL,
Ranking Minority Member.
JOSEPH R. BIDEN, Jr.
LARRY PRESSLER.
EDWARD ZORINSKY.
CHRISTOPHER J. DODD.
PAUL S. SARBANES.
RUDY BOSCHWITZ.

The committee considered several different formulations of the requirement for congressional authorization. These included: a proposal by the Chairman to require congressional approval for any agreement committing the United States to a continuing role in the multinational peacekeeping force; a proposal by Senators Sarbanes to require congressional authorization prior to any change in the size, location or status of existing, as well as future U.S. forces; and, a proposal by Senator Pell, consistent with concerns expressed by Senator Zorinsky, to link an agreement to increase or change U.S. participation in the force to section 4(a)(1) of the War Powers Resolution of 1973. Members also had before them the language approved by the House Foreign Affairs Committee on April 19, as well as a less restrictive provision suggested by the Reagan administration. Throughout the deliberations on this issue, members expressed their desire to do nothing that would undercut or supercede the provisions of the war powers resolution.

Prior to a final decision on the issue, the committee received a letter from Acting Secretary of State Kenneth W. Dam assuring members of the administration's intention to seek congressional authorization "as soon as possible following the completion of the on-going negotiations. . . ." The complete text of that letter, dated April 20 follows:

THE DEPUTY SECRETARY OF STATE,
Washington, April 20, 1983.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate.

DEAR MR. CHAIRMAN: I understand that the House Foreign Affairs Committee has adopted an amendment to the Lebanon supplemental which provides that the President shall obtain statutory authorization from the Congress with respect to the introduction of U.S. Armed Forces into Lebanon in conjunction with agreements for the withdrawal of foreign forces and the creation of a new multinational force. I understand that this language was deliberately drafted so as not to interfere with the President's ability to begin such an introduction, if circumstances urgently require it, while Congress is considering his request for statutory authorization.

Under these circumstances, the HFAC amendment correctly describes what this administration intends to do, is consistent with what we have done in comparable situations in the past (such as the Sinai Multinational Force), and is therefore acceptable to us. It is our intention to seek authorization from Congress as soon as possible following the completion of the ongoing negotiations, and we trust that Congress and the executive branch would then work expeditiously together with the objective of obtaining such authorization, if at all possible, prior to such new deployments.

I strongly hope that your committee will not find it necessary to deal with this question in the context of section 4(a)(1) of the war powers resolution. It would be highly premature and unwise, and potentially damaging to the integrity of the resolution, for Congress to prejudge the possible applicability of that section to future arrangements which have not yet been negotiated and future circumstances which cannot yet be predicted. Such an action, which would amount to a public finding that U.S. forces will be exposed to an imminent risk of involvement in hostilities, is in no way a foregone conclusion, and could give entirely the wrong public impression as to what results these negotiations are intended to produce. Surely it would be far preferable for Congress to reserve judgment on this matter (as we will) until it can evaluate the circumstances as they develop, knowing that the provisions of the war powers resolution will, of course, remain available.

I appreciate this opportunity to comment on your committee's work, and hope that we can arrive at a result which accommodates our mutual interests in this matter.

Sincerely,

KENNETH W. DAM.

Members took particular note of the assurance, conveyed in this letter by Mr. Dam and confirmed at the April 20 markup session by Deputy Assistant Secretary of State Robert H. Pelletreau, that the administration would work closely with Congress to obtain passage of authorizing legislation "if at all possible, prior to such new deployments." Mr. Pelletreau also stated that the administration was contemplating an increase in the numbers and role of the U.S. forces only in the context of an agreement relating to the withdrawal of foreign forces from Lebanon. On the basis of such assur-

ances and understandings, the committee agreed to lay aside other proposed approaches and to adopt a modified provision approved by the House Foreign Affairs Committee making three principal changes in the House text. First, on a proposal by Senator Dodd, the committee delinked the requirement for authorization from the conclusion of agreements relating to the withdrawal of foreign forces from Lebanon. Instead, using language proposed by Senator Pell, the amendment covers "any substantial expansion in the number or role" of U.S. forces without regard to the conclusion of such agreements. Second, at the chairman's suggestion, the words "more permanent" in the House committee version were changed to "expanded or extended" in order to avoid any implication that the peacekeeping operations in Lebanon would assume a permanent or semipermanent character.

Finally, acting on a recommendation by Senator Mathias, the committee added a second paragraph for the purpose of making clear its intention to avoid any conflict or revision in the requirements of the War Powers Resolution of 1973. In particular, the President remains under the obligations of section 4 of that legislation to report to Congress under certain circumstances and to follow the further requirements of that section and section 5 with respect to situations in which "imminent involvement in hostilities is clearly indicated by the circumstances."

The committee also agreed to the inclusion of language in this report proposed by Senator Boschwitz to make clear that the deployment or stationing of U.S. forces as trainers or advisers in border areas of potential hostilities in Lebanon would constitute a substantial expansion in the role of such forces and therefore should not be undertaken without congressional authorization.

The concern was raised by two developments. In late March, executive branch officials confirmed press reports that the number of American military personnel in Lebanon to train Lebanese Armed Forces had grown markedly, to about 80. This includes a 29 member special forces unit (Green Berets). The increase was larger and faster than previously indicated.

Earlier, executive branch officials were reported to have raised the possibility of American trainers and advisers accompanying Lebanese Armed Forces if additional units are sent into southern Lebanon as part of an agreement on the withdrawal of Israeli forces. During the markup, administration officials said they did not foreclose the possibility of such an option.

Committee members expressed the view that assigning U.S. military trainers and advisers to southern Lebanon or along the Syrian border would constitute a substantial expansion in their role. In view of the potential security and foreign policy problems if U.S. military men take part in patrols in close proximity to the borders, it was felt that congressional authorization should be required if such a role is to be undertaken.

COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, and committee provides the following esti-

mates of the cost of S. 639 prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 28, 1983.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act, the Congressional Budget Office has prepared the attached cost estimate for S. 639, the Lebanon Emergency Assistance Act of 1983, as ordered reported by the Senate Committee on Foreign Relations on April 28, 1983.

Should the committee so desire, we would be pleased to provide further details on this cost estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 639.
2. Bill title: Lebanon Emergency Assistance Act of 1983.
3. Bill status: As ordered reported by the Senate Committee on Foreign Relations on April 28, 1983.
4. Bill purpose: This legislation authorizes the appropriation of $150 million in economic assistance for Lebanon, $1 million for military training, and $100 million in foreign military sales guaranteed loans in fiscal year 1983.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987
Authorization amount	151				
Estimated outlays	51	64	36		
Authorized loan guarantee commitments	100				
Estimated off-budget direct loan outlays		55	28	−3	−13

Except for some interest income (one-eighth of 1 percent of the outstanding balance), all costs fall in budget function 150.

Basis of estimate

This estimate assumes enactment of this legislation and subsequent appropriation of the authorized amounts by June 30, 1983.

Section 3(c) authorizes $100 million in loan guarantees for foreign military sales. The guaranteed loans are assumed to be provided in a supplemental appropriation. These guarantees will be converted into off-budget direct loans through purchases of guaranteed loans by the Federal Financing Bank. A one-time one-quarter of 1 percent guarantee commitment fee must be paid to the Department of Defense and will be deposited in the Treasury as an offsetting receipt. The Federal Financing Bank charges one-eighth of 1

percent over Treasury interest rates for similar funds. The loan will generate interest income of less than $0.1 million per year for the Federal Financing Bank. The loan is assumed to be repaid in 15 equal semiannual principal repayments following a 2-year grace period.

The outlay estimates are based on Administration plans.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: This estimate is the same as the estimate of April 21, 1983 for H.R. 2532 as ordered reported by the House Committee on Foreign Affairs.

9. Estimate prepared by: Joe Whitehill.

10. Estimate approved by:

C. G. NUCKOLS
(For James L. Blum,
Assistant Director for Budget Analysis).

REGULATORY IMPACT STATEMENT

In accordance with rule XXIX of the Standing Rules of the Senate, the committee has evaluated the regulatory impact of this bill and finds that its enactment would have no regulatory impact. This bill authorizes the appropriation of funds for supplemental foreign assistance to Lebanon.

CHANGES IN EXISTING LAWS

The bill does not change existing law.

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